

1 Q And the other 25 percent?

2 A Was sort of block trade.

3 Q Over-the-counter?

4 A I believe that's -- yeah,

5 over-the-counter; it was through a broker.

6 Q What was the name of the broker?

7 A GSR.

8 Q And the trades on exchanges, what

9 exchanges?

10 A I think it was just Bitstamp and the  
11 XRP decentralized exchange that resides within  
12 the XRP Ledger.

13 Q Did you enter the trades through the  
14 ledger yourself?

15 A Yes.

16 Q How did it happen that you sold XRP  
17 through GSR?

18 A It was a relationship that I had. I  
19 knew them from Ripple. We worked together  
20 while I was at Ripple and I know that they  
21 represented sort of a book of business that  
22 was not just Ripple.

23 Q What was GSR's relationship with  
24 Ripple?

25 A They were the -- I think the primary

1 service -- like vendor that Ripple used to  
2 sell XRP programatically in open, books and  
3 exchanges.

4 Q Did anyone at the company also use  
5 GSR to sell XRP in their personal capacity?

6 A I can't be sure.

7 Q Did the company know that you were  
8 using GSR to sell your XRP?

9 A Well, I -- when I was using them, I  
10 had left the company already.

11 Q While you were at the company, did  
12 you sell any of the XRP you received as  
13 agreement?

14 A Yes.

15 Q What portion of it?

16 A I think the portion I had mentioned,  
17 about 75 percent just in a ballpark. I don't  
18 know the exact numbers.

19 Q When did you begin selling the XRP?

20 A In May, approximately, when I  
21 received it.

22 Q In May --

23 A 2017.

24 Q -- 2017?

25 Did the company place any

1 restrictions on your sales?

2 A No.

3 Q Was anyone at the company aware of  
4 your sales?

5 A Yes.

6 Q Who?

7 A I'm not sure who would have known;  
8 but I was required to send -- and there's an  
9 employee guidelines on how much you can sell  
10 up to a certain amount before having to notify  
11 the company about your sales beyond that  
12 point.

13 Q And when did that reporting  
14 requirement go into effect?

15 A I don't remember.

16 Q Was it in effect as of the first  
17 time you sold the XRP?

18 A I think so. I'm not sure.

19 Q Did anyone else at the company  
20 receive a similar type of XRP agreement?

21 A Yes.

22 Q Who?

23 A Well, Phil Rapoport, who reported to  
24 me. And also, I think, Brad Garlinghouse as  
25 well.

1 Q Do you know the terms of the  
2 agreement to Phil?

3 A No, I can't remember them.

4 Q Would he have received more or less  
5 XRP than you?

6 A I don't know. I think it would -- I  
7 think he received [REDACTED].

8 Q When did he negotiate that?

9 A When he came on board.

10 Q When was that?

11 A Prior to his arrival. I don't  
12 remember. I think it was -- I think it was  
13 2014.

14 Q How did you come to learn that Brad  
15 also had an XRP bonus award?

16 A I don't know, in the course of  
17 talking to him.

18 Q He told you?

19 A Yes, I think he was involved in  
20 finalizing this agreement.

21 Q Was he involved in any initial  
22 discussion?

23 A No.

24 Q Were there any discussions with  
25 anyone within the company that providing XRP

1 as compensation was something that the Perkins  
2 guidance recommended against?

3 A I don't know. I don't know.

4 Q What was the relationship between  
5 [REDACTED] and Ripple?

6 A [REDACTED]?

7 Q Yes. And I'm clumping [REDACTED]  
8 [REDACTED] and [REDACTED] kind of --

9 A Okay --

10 Q -- all in the same bucket.

11 A I think they're investors in Ripple.

12 Q Other than investing in the company,  
13 did they have any direct exposure to XRP?

14 A Well, let me widen that a little bit  
15 more. They were investors in Ripple. We also  
16 worked with [REDACTED] to source OTC buyers.

17 So I think they're a brokers service. I think  
18 that's the [REDACTED] part of their business

19 and they have a fund management business. I  
20 don't know what that's called whether it's [REDACTED]  
21 or [REDACTED] or where it fits within that. And

22 they, I think, were launching different  
23 products with different baskets of digital  
24 currencies and I think we were talking to them  
25 about how we could support that.

1 Q Were they thinking of launching an  
2 XRP fund similar to their Bitcoin investment  
3 trust?

4 A I don't know. I know there was  
5 discussion about them launching a fund that  
6 included XRP. I don't remember if it was just  
7 an XRP fund or what it was.

8 Q Did they ever express to you any  
9 concerns about Ripple's XRP holdings?

10 A Yes, they did.

11 Q What concerns did they express?

12 A They felt like -- they had expressed  
13 an opinion that they felt that the fact that  
14 Ripple Labs held a large percentage of the XRP  
15 that that was standing in the way of sort of a  
16 broader adoption or uptake from sort of a  
17 broader crypto currency market.

18 Q Did they think that it had an affect  
19 on speculators?

20 A I don't know that it had an effect.  
21 I think for them, they viewed that it was an  
22 optics challenge for us that there was this  
23 threat that Ripple could sell all of it's XRP  
24 and sort of damage the market. That was their  
25 opinion.

1 Q Was that their opinion only or was  
2 that a widespread opinion among others?

3 A I don't know for sure. They  
4 mentioned that. I don't know how widespread  
5 that opinion was but it was out there.

6 Q Did anyone else express that concern  
7 to you?

8 A I'm sure they did.

9 Q Did you have any involvement in the  
10 decision to put Ripple's XRP into escrow?

11 A Yes.

12 Q What involvement did you have in  
13 that?

14 A I had, I guess, helped shape the  
15 proposal to the rest of the company to  
16 implement an escrow.

17 Q What was the purpose of the escrow?

18 A I think it was to build confidence  
19 and address this issue which was a headwind in  
20 the sort of broader crypto market for people  
21 looking at crypto currencies. I think they --  
22 this sort of what we saw earlier overhang of  
23 XRP that Ripple held was sort of keeping  
24 people on the sidelines from participating in  
25 the XRP ecosystem as speculators or developers

1 or whatever the case may be. And so, we were  
2 looking for ways in which to address that.  
3 And that was sort of where the proposal came  
4 from.

5 Q And how would the proposal address  
6 that?

7 A Well, I think just by  
8 programatically locking and releasing the XRP  
9 and putting upper bound on how much Ripple --  
10 Ripple Inc. or Labs could sell at any given  
11 moment was the primary purpose of that.

12 So, it was really -- I mean, I think  
13 that -- yeah, that's it.

14 Q Was the purpose of the escrow to  
15 provide certainty in XRP supply?

16 A I think it was to provide some more  
17 transparency or predictability or at the very  
18 least remove this scenario where -- that  
19 people were worried about.

20 Q And predictability with respect to  
21 XRP supply in the market?

22 A Well, I don't know about  
23 predictability. But I think it addressed this  
24 I think lingering criticism that the large  
25 holdings of XRP by Ripple Inc. could be sold

1 at once into the market or in huge quantities,  
2 which could undermine the value of XRP.

3 Q And how did the proposal address  
4 that concern?

5 A It restricted the total amount that  
6 could go into the market at any given time.

7 Q How much did it restrict it to?

8 A I think it restricted it to a  
9 billion XRP a month and I think Ripple has --  
10 I don't know the numbers now but I think  
11 there's also an additional component to that  
12 that would set aside like five years plan by  
13 XRP. So it goes from 60 percent to 6 percent.

14 MS. WAXMAN: I will have this marked  
15 Exhibit 120.

16 (SEC Exhibit No. 120 was  
17 marked for  
18 identification.)

19 Q I'm showing you what's been marked  
20 Exhibit 120, which is an e-mail to you and  
21 Brad Garlinghouse at Ripple, dated May 2nd,  
22 2017, subject is XRP escrow proposal --

23 MR. HECKER: From him not "to" him.

24 MS. WAXMAN: Thank you.

25 Q From Patrick and the attachment is

1 the proposal.

2 (The witness examined the document.)

3 A Okay.

4 Q Do you recognize the attachment?

5 A Yes.

6 Q Did you draft this?

7 A I would have drafted this working  
8 alongside my team. And I think you can see  
9 the names listed on the top of this third  
10 paragraph.

11 Q Were you the primary drafter?

12 A Yes.

13 Q Why did you draft this document?

14 A To help with the decisionmaking  
15 process around whether or not to move forward  
16 with an XRP escrow.

17 Q On the first page of the attachment.

18 Under the objective section says:

19 "We want to make XRP a viable asset  
20 to provide liquidity for cross boarder  
21 payments. The objective of this proposal is to  
22 build the prerequisite liquidity to make that  
23 possible by first securing speculative  
24 liquidity." Why was speculative liquidity  
25 important?

1 A It's just a function of providing  
2 liquidity which could be utilized for a range  
3 of things. And I think this would be -- that  
4 liquidity -- this liquidity that was  
5 contemplated here "speculative liquidity"  
6 dovetails with payments liquidity needed to  
7 support the XRP related products and sort of  
8 the overall product.

9 Q Where would the speculative  
10 liquidity come from?

11                   A     I think -- I presume traders and  
12     buyers and sellers of XRP and crypto  
13     currencies in general.

14 Q People who were buying the asset as  
15 an investment?

16                   A     I mean, I don't -- people who may  
17     have been speculating and taking directional  
18     bets.

19 Q Did you believe that the escrow  
20 proposal would effect XRP's price?

21 A I think it had the potential to  
22 among other things; but I think the core issue  
23 sort of is more providing sort of regular --  
24 maybe like -- maybe, taking a step back.

25 Going back to the origin in 2013, at

1       least when I started, one of the primary  
2       challenges for XRP and for Ripple's  
3       involvement with XRP it was to try to device a  
4       mechanism by which Ripple's holdings of XRP  
5       could be distributed and sort of the premise  
6       of the whole crypto currency space. And  
7       what's interesting about it is that it's sort  
8       of programmable money.

9               And so Bitcoin, the mining  
10      algorithms, are sort of the core premise of  
11      the product. And here, I think the premise  
12      was, well, the portion that Ripple Inc. holds,  
13      can be used for a wide range of distribution  
14      mechanisms that might be better might be  
15      better than mining. It might be used to drive  
16      different value in a different direction not  
17      just into the running of servers and burning  
18      of fossil fuel for electricity costs.

19               And so, the fundamentals of the  
20      whole crypto currency is sort of rooted in  
21      it's distribution and how the XRP -- how the  
22      digital currency is released. And with Ripple  
23      holding such a huge amount, I think the  
24      attempt here is to demonstrate how just as any  
25      other crypto currency sort of the fundamental

1 properties is that it's programmable and that  
2 you could do the same thing here with XRP and  
3 do it in a way I think is very clearcut.

4 So, I think that the purpose here is  
5 really to tackle some of the fundamentals  
6 around crypto currency and to show how the  
7 fundamentals for XRP, at least as far as a  
8 large holder of XRP is concerned, are sound.  
9 And that that's the purpose of, I think, the  
10 efforts around this escrow product.

11 Q Was also the purpose to provide a  
12 predictable supply of XRP?

13 A Yeah, I don't -- at least a more  
14 predictable supply. It's not like  
15 predictable. It's not like a locked in number  
16 that comes out. But at least you could figure  
17 out what the bounds are that would be coming  
18 from Ripple Inc.

19 Q Sure.

20 In the proposal, did you say that  
21 the proposal would impact XRP price?

22 MR. HECKER: Sorry. Did you say,  
23 "in the proposal" --

24 Q In the proposal, did you say that  
25 the proposal would have an impact on XRP's

1 price?

2 A Well --

3 MR. HECKER: Wait. Hold on. The  
4 middle of the third page?

5 Q The middle of the second page of the  
6 attachment says:

7 "Considering the impact of the  
8 proposal is to constrain supplied then we  
9 expect price appreciation and thus fewer XRP  
10 to meet our cash flow needs."

11 A Okay.

12 Q How much of an effect did you expect  
13 the proposal to have on XRP's price?

14 A Unknowable.

15 I think what's important also is to  
16 point out under "objectives" -- I know it's  
17 missing. We were focusing on the liquidity.  
18 So, the second bullet point under "objective,"  
19 we really focused on volume and price  
20 appreciation. And again, the price alone was  
21 not enough to really be meaningful for Ripple  
22 and I think it's vast holdings of XRP. It had  
23 to have a cufflink to two. And ultimately,  
24 you know, those -- I would argue that the  
25 effort here is build liquidity and build

1 confidence in XRP, which would then be  
2 liquidity around the asset.

3 Q You say the effort is geared towards  
4 securing speculative liquidity.

5 A Yes.

6 Q And then if you go turn to page 3,  
7 it estimates that the price of XRP will go up  
8 6 cents as a result of the escrow; so it would  
9 more than double --

10 A Just to be clear. That's not a  
11 forecast, that's just a scenario. That's just  
12 if the price goes to here, here's how we  
13 can -- sort of expectations. So you're  
14 looking at page --

15 Q I'm looking at the page, the third  
16 page of the proposal, under the "price  
17 appreciation" section. It says:

18 "The escrow schedule will help by  
19 addressing two different dynamics impacting  
20 the price; one, constraining supply, which  
21 limits the amount available for purchase. And  
22 two, reducing the discount price into XRP due  
23 to the uncertainty around fly."

24 And then it says: "Here's a  
25 framework for thinking about the impact of a

1 constraining imply."

2 And it talks about --

3 MR. HECKER: It says "directional  
4 only" right next to that. So it's clear,  
5 right?

6 Q What is that mean "directional  
7 only"?

8 A Just different scenarios.

9 Q So, how did you come up with this  
10 framework?

11 A I just kind of want to say a finger  
12 in the air best guess.

13 Q You provided a best guess to the CEO  
14 of the company?

15 A I think -- again, this is totally  
16 new territory. I don't think -- a lot of the  
17 decisionmaking process is in totally green  
18 space. And so, if you look at the history of  
19 even -- well, to answer your question, yes.  
20 Yes, is the answer to your question.

21 MR. DANIELS: If the goal is to  
22 drive long-term liquidity --

23 THE WITNESS: Yes --

24 MR. DANIELS: -- I understand how  
25 the escrow helps that. Why did Ripple need to

1 sell the XRP in that scenario as opposed to  
2 distributing it, giving it away.

3 THE WITNESS: I just -- well, I  
4 think that our experience with the giveaways  
5 was not successful. We tried that and we  
6 tried to do that in the way we could create  
7 more value than the value we were giving out;  
8 and that did not play out the way we thought  
9 it would. And then I would -- yeah. So,  
10 that's the first thing the company needed the  
11 cash flow and has assets on its balance sheet  
12 and I think sort of the decision to sell some  
13 assets and convert that into dollars to  
14 satisfy the cash need.

15 MR. DANIELS: Recognizing that the  
16 giveaways had not worked in the past, did you  
17 have any discussions around potential  
18 giveaways at this period when you are  
19 considering the escrow in early 2017?

20 THE WITNESS: To be honest, every  
21 bad idea always doubles back. When I say "bad  
22 idea," meaning ideas we tried, they didn't  
23 work and they come back. And we evaluate them  
24 from different angles and different directions  
25 and the landscape changes and the equation is

1 different.

2 And so, I don't remember there  
3 being any giveaway discussions at this point.

4 It's possible.

5 MR. DANIELS: Then if you go to page  
6 2 of the proposal. At the top, there's a  
7 table and it talks about --

8 THE WITNESS: "Different scen- --

9 MR. DANIELS: -- "different  
10 scenarios." And first is "speculative market  
11 will continue to grow without any changes."  
12 Did you talk a little bit about that? Did you  
13 discuss the fact that maybe speculative value  
14 will increase naturally without Ripple taking  
15 any action?

16 THE WITNESS: Yes.

17 MR. DANIELS: And what were those  
18 discussions?

19 THE WITNESS: I don't remember.

20 MR. DANIELS: I think you talked  
21 earlier about the need to create this  
22 speculative liquidity. Can you just elaborate  
23 on what that need was.

24 THE WITNESS: Well, the thing about  
25 liquidity, it's just depth of the market at a

1 certain price. And so, that could be used  
2 for, I think, directly for our product flows.  
3 So, whether you're talking about speculators  
4 on either side of the trade or payment  
5 companies on either side of the trade, that  
6 liquidity could be taken advantage of by  
7 anybody.

8 So, that's sort of the rationale.

9 MR. DANIELS: So, you're looking at  
10 that same outcome. It says:

11 "XRP markets are unlikely to achieve  
12 the same level of robustness as traditional  
13 markets or digital asset markets --"

14 THE WITNESS: Right --

15 MR. DANIELS: "-- supply clarity"?

16 THE WITNESS: Right.

17 MR. DANIELS: Had you done some type  
18 of analyst around that issue?

19 THE WITNESS: I think we had -- I  
20 know we talked a lot about a lot of different  
21 scenarios and analogies to this.

22 Again, it's totally new space and  
23 there's definitely nothing like it and we were  
24 trying to just create a framework for how to  
25 think about this. But I don't think we

1 approached anybody and said this is fact  
2 and -- I think it's just a way of thinking  
3 about the decision.

4 MR. DANIELS: As a related point.

5 Can you turn to the last page of the document.

6 You have a series of questions for discussion.

7 Looking at Number 4 it says:

8 "We answered the question underneath  
9 for speculators to drive long-term liquidity.  
10 For example, is there a scenario where we skip  
11 the speculative stage, get large payment  
12 volume and build liquidity on back of  
13 commercial --

14 THE WITNESS: Right.

15 MR. DANIELS: Do you recall any  
16 discussion around that?

17 THE WITNESS: Yes.

18 MR. DANIELS: What did that  
19 discussion entail?

20 THE WITNESS: Just sort of a chicken  
21 and egg conversation. I mean, you're trying  
22 to build a market place, a market and the  
23 large payment volume is hard to attract if the  
24 liquidity is not there. And so --

25 MR. DANIELS: Did you use any type

1 of analysis around that or is it sort of a  
2 general discussion of we don't think we could  
3 get there.

4 THE WITNESS: Well, we had been  
5 working on it for several years and I don't --  
6 I would guess no is the answer. Probably. I  
7 don't know. The best we could.

8 BY MS. WAXMAN:

9 Q At the bottom of the second to last  
10 page is the sub-heading, "why now." Why did  
11 you feel the escrow -- it was time to  
12 incorporate the escrow as opposed to earlier  
13 in time?

14 A Well, I think there was a lot -- I  
15 don't remember exactly when this was, what the  
16 market dynamics were.

17 Q May 2017.

18 A I recall vaguely there was a lot  
19 of -- crypto currency space not just around  
20 Bitcoin but also including other, I think,  
21 coins like that Ethereum, Litecoin -- other  
22 stuff. I don't remember which ones.

23 And so, there was increasing  
24 interest and not just for Bitcoin but maybe I  
25 think for the first time and in a meaningful

1 way. But also, these other blockchain based  
2 aspects that were not Bitcoin. So, that's  
3 sort of what that's referring to.

4 Q So, were you trying to take  
5 advantage of larger trends in the market at  
6 the time?

7 A I think so, yes.

8 Q And were those larger trends people  
9 speculating and digital assets in general?

10 A I don't know what people were doing.  
11 But there was definitely more trading activity  
12 happening at that time as I recall.

13 Q The sentence at the end of the page  
14 talking about "timing" says:

15 "We will pinpoint the timing in Q2  
16 such that we have enough exchanges listed."  
17 Why did you need exchanges listed before  
18 implementing this?

19 A I think if we implemented this with  
20 an eye towards capturing the liquidity that  
21 it's growing in the market around digital  
22 assets, there had to be sort of a call to  
23 action for people who were trading digital  
24 assets. And I think at the time XRP was  
25 traded on very few exchanges. It was traded

1 on XRP Ledger; but it's very technically  
2 complicated to interface with it. And I feel  
3 like then it was just -- I can't remember but  
4 just a very small number of other exchanges  
5 where XRP was listed. And so, we wanted to  
6 coordinate those two things.

7 Q So, was it important for XRP to be  
8 traded widely on a lot of exchanges in order  
9 for this escrow to achieve the desired  
10 results?

11 A Yes. The sequencing -- I mean, it's  
12 easier to talk about theoretically. But  
13 theoretically, it -- we were trying to  
14 identify and build out -- help build out our  
15 payment network by building liquidity in  
16 regional sort of currencies against XRP. And  
17 then sending payments through those.

18 And so, I think the premise here was  
19 to try to get XRP listed in different regional  
20 markets, in different markets, try to capture  
21 some liquidity and then that liquidity could  
22 substantiate payment volume.

23 Q Before people would actually use XRP  
24 for payments, there would have to be an avid  
25 liquid in XRP market?

1           A    Independent of people who are  
2 interested in just sending XRP to XRP  
3 payments, I think that exists as it does with  
4 Bitcoin. Yes, that's correct.

5           Q    Did the company engage in efforts to  
6 increase the number of exchanges that XRP  
7 traded on?

8           A    Yes.

9           Q    And what efforts did it engage in?

10          A    We, I think, sort of sourced -- we  
11 looked at the map of exchanges and we tried to  
12 work with them and structure deals with them  
13 to support them integrating to the XRP Ledger  
14 and incentivize their adoption.

15          Q    And did you target any specific  
16 exchanges?

17          A    I think there were a number of  
18 exchanges. I don't know which one was more  
19 priority than others.

20          Q    Were there certain exchanges that  
21 you targeted as benefitting XRP speculative  
22 trading volume?

23          A    More so than others?

24          Q    Yes.

25          A    Coinbase comes to mind. It was one

1 of the bigger exchanges at the time. It had  
2 the most liquidity, it was high up in the  
3 overall volume of the market and it's market  
4 share. There were others I can't remember off  
5 top of my head right now.

6 Q Were you targeting U.S. based  
7 exchanges as part of your efforts to increase  
8 speculative trading?

9 A Yes.

10 Q Were you targeting Gemini?

11 A Can we talk about which time frame  
12 are you referring to?

13 Q I'm talking around the time period  
14 that the company was discussing the XRP  
15 proposal?

16 A I don't think so. I don't know that  
17 we were talking to Gemini in May 2017; but I  
18 could be wrong about that. I think we were  
19 definitely trying to find a U.S. exchange;  
20 they may have been in that discussion.

21 MS. WAXMAN: I will have this marked  
22 as Exhibit 121 and 122.

23 (SEC Exhibit Nos. 121 and  
24 122 were marked for  
25 identification.)

1 Q I'm showing you what's been marked  
2 an exhibits 121 and 122; it's an e-mail from  
3 you, dated March 31st, 2017, to Brad  
4 Garlinghouse. The subject is Q2 XRP Plan  
5 Update.

6 And Exhibit 122 is the Google Doc  
7 that's linked to the e-mail.

8 MS. WAXMAN: I will have this marked  
9 as Exhibit 123.

10 (SEC Exhibit No. 123 was  
11 marked for  
12 identification.)

13 Q Showing you what's been marked as  
14 Exhibit 123, which is an e-mail from you to  
15 various individuals at Ripple, dated April  
16 13th, 2017. The subject is RE: Bitbank  
17 adding XRP in pay.

18 (The witness examined the document.)

19 A Okay.

20 Q If you look at Exhibit 123, the last  
21 sentence of the second to top e-mail, it talks  
22 about "Bitbank" and how it would:

23 "Lead to more speculative volume  
24 which is a target goal for Ripple in Q2."  
25 Why was that a goal; why was increasing

1 speculative volume a goal in Q2?

2 A I think we were just talking to talk  
3 about build the liquidity around XRP for XRP  
4 to be used in our product flows and more  
5 broadly, for it to be useful.

6 And the way we were thinking about  
7 it, this would be a natural starting place.

8 There already is a world of early adopters and  
9 people who are, I guess, technically savvy or  
10 have an understanding of crypto currencies and  
11 digital assets. And so, it would be, from our  
12 perspective, a natural starting place of how  
13 you get that volume that would then be useful  
14 for driving real world utility across it.

15 Q Speculative volume would be a  
16 natural starting point?

17 A Yes, speculative volume. I think is  
18 a catch all for just trading activity in  
19 general.

20 Q Was the need to increase speculative  
21 volume discussed prior to Q2?

22 A I don't know. I don't know.

23 Q Why did it come up in Q2,  
24 specifically?

25 A Well, I think that there was -- I

220

1 don't know. I can't remember why.

2 Q Was it meant to compliment the  
3 escrow proposal?

4 A I -- no, I don't know. Yeah.

5 Q If you look at Exhibit 121 and 122,  
6 you write:

7 "Hi, Brad. We've made a ton of  
8 great progress this week on Q2 planning for  
9 all things XRP. The goal is to drive XRP  
10 speculative trading volume. We've organized  
11 the tactics against the following themes."

12 A Okay.

13 Q And then, what is the attachment to  
14 Exhibit 122?

15 A It's, I guess, an XRP planning -- Q2  
16 planning document about how we're coordinating  
17 cross functional efforts around XRP building  
18 liquidity around XRP.

19 Q Were all of these efforts geared  
20 towards driving XRP speculative trading  
21 volume?

22 A I think they're all geared towards  
23 sort of putting in place the necessary  
24 components to build as much liquidity as we  
25 possibly could at that point, which could also

1 in the future -- in a future point be used for  
2 our product flows.

3 Q But the e-mail says:

4 "The goal is to drive XRP  
5 speculative trading volume." And then you said  
6 you've: "Organized several tactics against the  
7 following themes." Taking one as taking on  
8 skeptics.

9 A Okay --

10 MR. HECKER: Wait -- sorry, I don't  
11 think that is a question. Go ahead.

12 Q How did that help drive XRP  
13 speculative trading volume?

14 A Okay, yeah. And again, I think the  
15 goal for us in general is to build liquidity.  
16 It's just a function -- I guess the way we  
17 thought about it at this point was the  
18 function of sequencing. And the skeptics  
19 piece is just, I think, headwinds that sort of  
20 the internet chatter or influencer chatter  
21 around additional currencies in general or  
22 creating challenges for obstacles for people  
23 to adopt XRP or understand it.

24 Q Were they creating obstacles for  
25 people to buy XRP as an investment?

1           A     I think there was just a lot of  
2 misinformation that was being propagated  
3 around XRP.

4                   Again, the history of XRP and  
5 Bitcoin are a little bit confrontational. And  
6 I think people who were early Bitcoin adopters  
7 are pretty maximalist in their views. And  
8 anything that potentially threatened the  
9 position of Bitcoin in the crypto currency  
10 hierarchy, was a sort of direct challenge to  
11 them personally. I don't know. So that was  
12 really a source of a lot of misinformation  
13 that sort of just made our jobs more difficult  
14 and made it more difficult for people to  
15 understand XRP and the technology. And so,  
16 obviously, that had consequences for adoption.

17           Q     If you look on the third page of the  
18 attachment. In the middle of the page it  
19 says, "momentum fear of missing out."

20           A     Okay.

21           Q     What were you talking about there?

22           A     Oh, it's just getting exchanges to  
23 list XRP. We were trying to devise different  
24 tactics to motivate exchanges to integrate to  
25 the system. So the fear of missing out is,

1 well, if, you know, your primary competitors  
2 are showing XRP in their order books, then  
3 that's potentially missing out on volume and  
4 you're losing customers. So, it's just to  
5 drive more competition and make that work to  
6 our advantage.

7 MR. DANIELS: Could you turn back to  
8 the first page.

9 THE WITNESS: Yes.

10 MR. DANIELS: "Table stakes."

11 THE WITNESS: Yes.

12 MR. DANIELS: Number 2 says:

13 "Interview existing XRP holders to  
14 understand motivations to invest, objections  
15 to sale, perception of the XRP and Ripple  
16 brands."

17 Can you explain why you wanted to  
18 interview existing XRP holders about their  
19 view of the Ripple brand?

20 THE WITNESS: I think this is --  
21 again, this probably wouldn't -- this is  
22 probably sort of a cross functional document  
23 is my read on it. And I think it's just sort  
24 of a standard marketing practice to sort of  
25 know your customers as you try to device a

1 good market strategy. I think that's all it  
2 was.

3 MR. DANIELS: What would be the  
4 importance to XRP investors about the Ripple  
5 brand?

6 MS. COWAN: XRP holders.

7 MR. DANIELS: XRP holders. Sorry.  
8 Thank you.

9 THE WITNESS: Again, I -- there's  
10 just -- in the history of Ripple Inc. and  
11 Bitcoin, there's a lot of -- I don't want to  
12 say animosity with the Bitcoin camp towards  
13 Ripple and XRP -- and the amount of  
14 information that's propagated about Ripple  
15 Inc., XRP, the conflation of the two is pretty  
16 significant and it created a constant ongoing  
17 challenge to our business.

18 And so, even this just  
19 understanding that people who are buying XRP  
20 not knowing the difference between XRP and  
21 Ripple, was the consequence of FUD that has  
22 been propagated in the market -- "FUD," fear,  
23 uncertainty and doubt -- I think that was part  
24 of the motivation just to understand how  
25 people were thinking about it so that

1 messaging could be devised to address that and  
2 correct that misinformation.

3 MR. DANIELS: In relating to some of  
4 that confusion in 2-A 3, it talks about the  
5 fact "buying XRP is buying a stake in Ripple's  
6 success."

7 Do you have any idea what that  
8 refers to?

9 THE WITNESS: No.

10 MR. DANIELS: Do you think that some  
11 investors at the time might have believe they  
12 were purchasing XRP to buy a stake in Ripple's  
13 success?

14 THE WITNESS: You know, I honestly  
15 don't know. And I think the point of that  
16 whole section to date, it is a hypothesis we  
17 should test. I mean, it says "positioning to  
18 test."

19 MR. DANIELS: And do you recall  
20 actually performing that test?

21 THE WITNESS: I don't. As I said, I  
22 think this was maybe a marketing to a cross  
23 functional document that included a couple of  
24 different teams.

25 BY MS. WAXMAN:

1 Q Did you draft the document?

2 A I don't know. I'm not sure.

3 Q The back of the page. The e-mail at  
4 the very bottom:

5 "Put David Schwartz on the same  
6 speaking circuit as [REDACTED]."

7 A Yes, okay.

8 Q Who is [REDACTED]?

9 A He is the creator of Ethereum.

10 Q Why did you want to put David  
11 Schwartz on the same speaking circuit as him?

12 A I think [REDACTED] had done a  
13 good job capturing a lot of attention of  
14 adopters -- early adopters of crypto currency.  
15 And a lot of those early adopters were  
16 developers. And in the process of sort of  
17 building out an ecosystem, I think it was  
18 worth our wild to sort of see where he was  
19 going and maybe just use that as a possible  
20 marketing tool just to say. Yeah.

21 Q What was David Schwartz's role in  
22 the company?

23 A David, the CTO and I think he is  
24 now -- at the time, I think he was the chief  
25 cryptographer.

1 Q How did XRP holders view David?

2 A Smart guy.

3 Q Did he have a following?

4 A I don't know if he had a following.

5 I think people were enthusiastic about him on  
6 the internet.

7 Q Did he promote XRP?

8 A I don't know.

9 Q Did you ever see him post on Reddit,  
10 Quora or Bitcoin forum about XRP and Ripple?

11 A Yes -- oh, I didn't "see him post";  
12 but I saw his post.

13 Q Did he make statements that XRP  
14 would -- that Ripple would work to increase  
15 the value and price of XRP?

16 MR. HECKER: Did Schwartz make  
17 statements like that?

18 MS. WAXMAN: Yes.

19 A I don't know.

20 Q Did you ever see those statements on  
21 posts?

22 A I don't know.

23 Q Did you ever discuss that, David  
24 Schwartz's posts, with anyone at the company?

25 A I don't know.

1 MS. WAXMAN: Off the record at 4:19.

2 (A brief recess was taken.)

3 MS. WAXMAN: Back on the record at

4 4:29.

5 (SEC Exhibit No. 124 was

6 marked for

7 identification.)

8 Q Mr. Griffin, I would like to show  
9 you what's been marked as Exhibit 124, which  
10 is an e-mail from you, dated June 21st, 2017,  
11 subject is "Gemini intros."

12 (The witness examined the document.)

13 Q Who is [REDACTED]?

14 A I think he is the fund manager of  
15 [REDACTED]

16 Q Why did you send this e-mail to him?

17 A We were trying to -- well, stepping  
18 back. We were looking for a U.S. dollar  
19 exchange in the U.S. and I think Gemini is one  
20 of those exchanges. They were starting to  
21 build a custody business. [REDACTED] was looking  
22 for a way to custody the XRP that he owned and  
23 we thought that the two could be -- the two  
24 interests could be aligned.

25 Q Did you think [REDACTED] could pressure

1 Gemini to list XRP on the platform?

2 A I mean, "pressure" is -- I think  
3 exciting language in here. But I don't think  
4 they could do anything other than ask.

5 Q Why was the USD exchange or USD  
6 listing important for the company?

7 A Well, I mean, at the highest level,  
8 a global payments business who doesn't have a  
9 good US dollar clearance facility would  
10 probably be sort of limited or U.S. dollar  
11 entry point and exit point?

12 Q Would a listing of Gemini help  
13 speculative trading with XRP?

14 A Yes.

15 Q Second --

16 A Sorry. Just for clarification.  
17 "Speculative trading," I take that  
18 to mean trading. Because I don't know what  
19 people are doing when they trade. They  
20 probably are speculating; but they're probably  
21 doing other stuff as well. But I couldn't  
22 know. So I would just say "trading."

23 Q Okay.

24 The second paragraph you write:

25 "Keep in mind, Gemini is a high

1 value target for us. We are pressuring them  
2 from every angle we can to list XRP on their  
3 exchange. Any conversation you have with them  
4 that is loaded with ultimatums, 'you must list  
5 XRP on Gemini for us to custody XRP or any of  
6 our digital asset with you'" would be very  
7 valuable to us and to you." Why was Gemini  
8 the value target?

9 A Various dollar exchange.

10 Q Did Ripple make any ultimatums  
11 directly to Gemini?

12 A I think just definitionally neither  
13 [REDACTED] us or anybody here in this equation was  
14 in the position to make an ultimatum I don't  
15 think. They would make a request.

16 Q Why did you use that term?

17 A I don't know. Just a style thing.  
18 Probably not the best use of words, not the  
19 most precise.

20 Q Did the company engage in any  
21 efforts to try to persuade Gemini to list XRP?

22 A Did Ripple or did [REDACTED]?

23 Q Ripple.

24 A Yes.

25 Q And what did the company do?

1           A    Well, I think we sought out a  
2 partnership with them, we offered integration  
3 services, I think we even asked if they wanted  
4 to be paid how they operated their business in  
5 terms of listing other digital assets, and I  
6 think we also offered to custody XRP with  
7 them.

8           Q    Did any of those things influence  
9 it?

10          A    No.

11          Q    Is that why you used the term  
12 "ultimatum"?

13          A    I don't know why I used the term  
14 "ultimatum."

15          Q    But it sounds like they were either  
16 reluctant to list XRP despite all the efforts  
17 you spoke about?

18          A    Yes.

19          Q    Did you ever assume why they were  
20 reluctant or would not list XRP?

21          A    I can't speak for their motives, no.

22          Q    Well, did anyone at Gemini or anyone  
23 at the company ever tell you what their  
24 reasoning was or rationale?

25          A    No.

1 Q Did you ever discuss with anyone  
2 that Gemini didn't want to list XRP 'cause  
3 they were -- thought it may be a security?

4 A No. My understanding, they  
5 ultimately did not want to list; because there  
6 was -- again, in the camp of hardcore sort of  
7 Bitcoin maximalists, they seemed to be not  
8 excited about XRP.

9 Q And what is the basis of that  
10 understanding?

11 A I think we met with their technical  
12 team. I think his name -- I can't remember  
13 his name and he just came across as very  
14 aggressive.

15 MS. WAXMAN: Marking Exhibit 125.

16 (SEC Exhibit No. 125 was  
17 marked for  
18 identification.)

19 Q Showing you what's been marked as  
20 Exhibit 125, which is an e-mail chain between  
21 you and Miguel, dated June 21st, 2017, that  
22 also talks about Gemini.

23 A Okay.

24 Q In the middle of the page at 211,  
25 you write again with respect to Gemini "we

1 should be making ultimatums"?

2 A Okay.

3 Q What did you mean?

4 A If they want business, then they  
5 have to list XRP. I think that was -- if they  
6 want our business, then they have to list XRP.  
7 I guess, you could characterize that as an  
8 ultimatum.

9 Q And what business were you talking  
10 about?

11 A Well, whether that was coming from  
12 us, specifically, with our holdings of XRP or  
13 I think that's what we were referencing with  
14 [REDACTED].

15 Q When you say your Ripple's holdings,  
16 were you talking about Gemini acting as a  
17 custodian for Ripple's XRP?

18 A Yes. Gemini had told us that they  
19 were interested in building a custody  
20 business. They had indicated they were  
21 interested in exploring custody -- I think  
22 they asked to custody all of Ripple's XRP at  
23 one point.

24 Q Would they charge a fee for that?

25 A I -- probably. I don't remember.

1 Q Would there --

2 A I think it was just like their  
3 proposal to us.

4 Q Would there be any technical reason  
5 for Gemini to custody Ripple's XRP?

6 A Technical reason for who?

7 Q For Ripple?

8 A No.

9 Q Would there be a business reason for  
10 Ripple -- for Gemini to custody Ripple's XRP?

11 A In order to induce them to list XRP  
12 or to -- I would say, yeah.

13 Q Did you have --

14 A To dock the XRP Ledger --

15 Q Did you have discussions with anyone  
16 at the company about entering into agreements  
17 with exchanges that provided custody fees for  
18 them to custody Ripple's XRP?

19 A No -- are you asking me about other  
20 exchanges --

21 Q Yes. Other than Gemini?

22 A No, I don't.

23 Q You said earlier you offered to pay  
24 Gemini a listing fee?

25 A No.

1 Q No. Did you offer to pay Gemini  
2 money in exchange for a listing?

3 A No.

4 Q Did you offer to pay Gemini anything  
5 in connection with the listing?

6 A No. I recall asking if they wanted  
7 to be paid and that was kind of it.

8 Q And what did they say?

9 A They said we're busy. I think  
10 that's what I recall to be honest.

11 Q If they said, yes, would Ripple have  
12 been willing to pay them?

13 A I don't know. I would have had to  
14 run that up the flagpole.

15 Q Well, did you ever have any  
16 discussions with anyone up the chain about  
17 paying exchanges?

18 A It's possible. I don't -- I don't  
19 know -- oh. Actually, yes, I do remember.  
20 Sorry.

21 Coinbase asked us for \$5 million to  
22 list XRP. I don't remember what period of  
23 time that was; it could have been 2016. And  
24 they asked us for \$5 million. We talked about  
25 it internally and we said no.

1 Q Why did you say "no"?

2 A Because we didn't feel like that was  
3 sort of an appropriate exchange value.

4 Q Did you discuss paying Coinbase in  
5 exchange for a listing earlier before 2016?

6 A No, they had come up with that and  
7 proposed that to us.

8 MS. WAXMAN: I will have this marked  
9 as Exhibit 126.

10 (SEC Exhibit No. 126 was  
11 marked for  
12 identification.)

13 Q I'm showing you what's been marked  
14 as Exhibit 126, which is an e-mail from you,  
15 dated July 23rd and 24, 2017. I'm going to  
16 ask you about this second page of the e-mail.

17 (The witness examined the document.)

18 Q Let me know when you're done reading  
19 the document.

20 A Okay.

21 Q Under number 7 refers to "Coinbase"?

22 A Yeah.

23 Q You write:

1 to invest in their round or just pay them  
2 outright --"

3 A Mm-hmm.

4 Q Why did you offer to pay Coinbase  
5 outright?

6 A Well, I am -- again, it would have  
7 been to get them to integrate into the XRP  
8 Ledger. Whether that -- yeah.

9 Q Did that include providing customers  
10 the ability to trade in XRP on their exchange?

11 A Yes.

12 Q And did you discuss with [REDACTED] how  
13 much you were willing to pay?

14 A I don't remember. The only thing I  
15 remember is them sending the proposal for \$5  
16 million.

17 Q Is that before or after?

18 A I think that would have been -- that  
19 is what the "wide" -- the bid ask was.

20 Q Was there an amount that Ripple was  
21 willing to pay?

22 A Possible, I don't know. I think in  
23 the course of doing -- of working with an  
24 exchange, we would want to make it as easy as  
25 possible for them to integrate. Maybe help

1 them with their integration cost or provide  
2 incentives for customer adoption.

3 Q What are you referring to when you  
4 said "we've offered to invest in their round"?

5 A I think they were raising capital at  
6 the time and we offered to participate as  
7 investors in their round of financing.

8 Q Did they accept the offer?

9 A No.

10 Q Did Ripple ever counter on the 5  
11 million ask?

12 A I don't remember. I don't think so.  
13 But I don't remember.

14 Q Under Number 8 for Gemini you write  
15 [REDACTED] Who is that?

16 A I think he's an investment entity. I  
17 think that's the best way I can describe it.

18 Q Did you introduce that entity to  
19 Gemini?

20 A Probably, I don't remember.

21 Q What was the purpose of the --

22 A I don't remember.

23 Q Did you ask them to try to influence  
24 Gemini of the listing of XRP?

25 A No. I don't think we asked anybody